THE HISTORY AND CURRENT WAY COUNTRIES TAX INDIVIDUALS AND ORGANIZATIONS WITH SPECIAL REFERENCE TO NIGERIA

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CHAPTER ONE

INTRODUCTION

This paper will carry out an overview of historical trends and current issues and practices in global systems of taxation of individuals and organisations. However, it will be concise for reasons of space. This will enable me cover enough grounds on the important field of taxation especially with the dire need for funds for development that has become a challenge to many countries in recent years. The insufficiency of funds for development is in spite of so much wealth in the hands of a small fraction of the society. This exposes tax administration system to question of the effectiveness of taxation as a tool for funds mobilisation and income redistribution.

1.1 Origin and History of Taxation

It is necessary to understand the meaning of tax, which is the matter at stake, before tracing its origin. Tax has been defined differently by different scholars. The definition that I find most appropriate for this paper is that it is ‘’an involuntary fee levied on corporations or individuals that is enforced by a level of government in order to finance government activities[i]. The implication of the definition is that tax is compulsory and must be enforced by government[ii].The fact of enforcement by a level, and indeed any level of government, implies that various levels of government have the right to enforce payment of tax.

The subject matter of the topic is taxation of individuals and organisations. How individuals and organisations(corporations) are taxed is now the immediate issue for clarification. Many tax literatures may refer to the two words, individual and corporation, as taxable persons. The individual is the taxable person if he is liable to tax, as a person and in some cases within the group if the income of the individual is indeterminate. On the part of an organisation, it becomes a taxable person if it is a limited liability or public limited company, as in the case of Nigeria, otherwise the individuals that constitute the organisation bear the burden of tax from their share of income/profits. This matter will be discussed in details in the next chapter(two).

The word taxation was used above and will continue to be used in the course of this paper. It is in this regard that it needs to be defined and is hereby defined as ‘’the system of taxing people’’[iii].

The purpose of tax, as noted in the definition above, is to finance government activities. The need for tax and therefore taxation arose in the course of the development of human activities in early history. These activities gave rise to landownership, the protection of property, defence of communities, etc. People paid one form of tax or the other for the services rendered by benefactors. As communities grew, the management of their affairs became complex[iv]. As a result, the system of taxation to raise money for the maintenance of communities became complex. Thus, various forms of ‘’taxes’’ such as charges, tithes, rents, levies, licences, custom duties, road taxes, sales tax, luxury tax and income tax evolved[v].

For obvious reason, I will revisit discussion of the word ‘’tax’’. It is derived from the latin word ‘’taxare’’, meaning ‘’assess’’[vi]. The word ‘assess’ is the method of the imposition of tax. While it (assessment) has remained one of the technical components of tax administration today, it evolved over the years and has always had a technical basis for its application, such as quantum of services consumed, obligation of citizenship, ability to pay principle, etc.[vii]. Tax may be levied on account of services provided or to be provided. Therefore, the justification of reasons for the imposition, collection and utilization of proceeds of tax collection has become a major determinant of the level of tax compliance.

A major issue in the imposition of tax is the **tax base**. The tax base takes us back to sources of the revenue of the individual (taxable person) identified by Adam Smith in his book, ‘’An inquiry into the Nature and Sources of the Wealth of Nations’’, namely rent, profits and wages, as sources of income.[viii]. It includes salaries and wages, rentals received from leasing of property and income earned from business operations.[ix] It is emphasised therefore that the tax base is derived from these sources of income. By inference the wealth of nations is dependent on the sources of income, tax base and the quantum of tax derived therefrom. For empirical reasons, it is necessary to do some analysis that will relate quantum of tax to development. However, this is not within the scope of this paper.

Efforts at tax maximization led to the development of tax administration strategies and invariably tax types. The result is the broad classification of taxes broadly into direct and indirect; and a myriad of tax types. The use of tax types in the taxation of individuals and organisations is a major aspect of this paper. It will be discussed in chapters two and three. Note should be taken of the purpose of indirect taxes which are imposed on ‘things’ and paid as the goods and services are consumed. One of the objectives of the indirect tax is to reduce under declarations of income. However, it has the effect of distorting the exact tax burden on the individual.

1.2 Importance of Tax

Taxation, through tax policies, is the strongest tool for fiscal policies. It is used in raising revenue, in setting the direction for investments, redistribution of income, in providing money to the poor through negative tax/cash transfer, among others. There is no better way of expressing the importance of tax than to say that it is what we pay for a civilised society.[x] This assertion is supported by Paul A. Samuelson and Williams Nordhaus(2010) to the extent that in taxing, government is in reality deciding to draw the required resources from the nation's households and businesses for public purposes[xi]; the money raised through taxation is a kind of transfer from private goods to collective goods. In addition, taxation is a tool for the encouragement of international trade and to ensure free flow of goods and services. This is achieved through agreements for the avoidance of double taxation.

1.3 Overview of basis for the imposition of tax

Over the years' international trade and interaction amongst nations flourished. The competition amongst them brought about the adoption of best practices on the system of taxation of individuals and organisations. This is to ensure that each trading country is investment friendly. This has about near uniform practice of taxation of profits/incomes and expenditure/consumption of individuals and organisations.

CHAPTER TWO

OVERVIEW OF WORLDWIDE TREND OF TAXATION OF INDIVIDUALS AND ORGANISATIONS

2.1 Selected Country History of Taxation

Due to the constraint of space and time only an overview of the early history of selected tax systems will be covered by this paper. The essence is to use the selected cases to get an idea how tax administration got to its present state.

2.1.1 China

In pre-history China, tax on agriculture and land tax were the most important sources of government revenue.[xii]Way back 1500 before the birth of Christ(BC), the system of revenue generation was land tax and tithing. Under this system tax was imposed on the basis of plots of land owned by the individual in a proportional way. In some cases, people used part of their land to pay taxes levied on the basis of an assessment. At one point, soldiers were used in the collection of taxes, perhaps to ensure enforcement.[xiii]This history shows that from origin tax was paid on the basis of quantum/size of income and property. Currently, tax rates in China are progressive, that is, graduated increase in rates from the lower to upper income bands.

2.1.2 Great Britain

Tax was formally introduced in Britain in the 11th century during its occupation by Romans.[xiv] In the 14th century the tax system was made to be progressive to the extent that the tax burden on the Duke of Lancaster was 520 times bigger than that of the average peasant.[xv]

In the 17th century the King shared taxing powers with Parliament. The King's Writ read; 'that individuals should be taxed according to their status and means''. This led to the development of the **concept of progressive tax system** based on **ability to pay**. This is similar to what obtained in China. In the case of Britain, on the other hand, Parliament imposed tax on trade and excise duties, in addition to income tax imposed by the King. There were disagreements between the King and Parliament regarding the exercise of their taxing powers especially in 1629. In addition to the initial disagreement between King Charles 1 and Parliament, the latter introduced some elements of regressive tax system. This led to the Smithfield riots of 1647 that resulted from heavy tax burden on the poor. There was also the Poll tax riot of 1990 in Britain as a result of the violation of the ability to pay principle. This underscores the importance of ability to pay.

The disagreement between King Charles 1 and Parliament makes a strong case for proper separation of taxing powers important in taxation.

It is interesting therefore that the French Philosopher, Montesquieu in 1784 propounded the **principle of separation of powers** to provide for checks and balances so as to forestall the abuse of powers.[xvi] This principle is generally applied in taxation and tax administration today.

At present, the largest source of income to government of Britain is personal income tax which is operated on the basis of progressive rates system.[xvii]

2.1.3 Roman Empire

The Romans developed their tax administration around export, import and custom duties, before the birth of Christ. The taxes were collected by the City Council on behalf of the Central Government. This system, which was perfected during the reign of Caesar Augustus, was found to be a more transparent and effective system in that it reduced corruption attendant in the use of middlemen, the Publicans.

Other taxes that were imposed in the early history of the Romans include inheritance tax and sales tax.

2.1.4 United States

It was only in 1812 that income tax was suggested in the United States. The law was modelled after the British Tax Act of 1798. It provided for progressive tax rates on income. Subsequent laws adopted this tax system. In 1861 another Tax Act was enacted. Although it was not implemented, it clarified that the incidence of tax should fall upon the annual income of every person residing in the United States(US) whether derived from any kind of property, or from proposed trade, employment or vocation carried on in the US or elsewhere or from any source whatsoever. This paved the way for subsequent Acts in like manner and the worldwide tax system currently operated by US.

In terms of the guiding principles of taxation in the US, Senator Garret Davis succinctly justified the spirit of the 1864 Act by re-emphasising that ‘’a recognition of the idea that taxes shall be paid according to the abilities of a person to pay’’. Thus, the tax rates for the 1864 Act were progressive.

A landmark in the history of tax in the US is the 16th Amendment in 1913 which clearly allowed Congress authority to tax the citizens on income from whatever source derived. A trend in history of tax collection in the US is that income tax on individuals contributed about 1.4 per cent of Gross National Product(GNP) while corporate tax contributed 1.6 per cent in the 1930s. However, by the 1990s personal income tax took the lead by contributing about 8.77 per cent while corporate tax contributed 1.99 per cent.[xviii]The pattern in the Organization for Economic Cooperation and Development(OECD) countries shows that for fifty years, 1965 to 2015, personal income tax accounted for the largest share, about twenty-seven(27) per cent of taxes collected.[xix] This is similar to the pattern in the US, which in any case is a member of the OECD.

Currently the US tax system is progressive and the income groups fall into seven tax brackets with tax rates ranging from 10 to 39.6 per cent.

2.1.5 Egypt

Improved taxation system was introduced in Egypt before the birth of Christ. The tax administrators were known as scribes. Among the products taxed then was cooking oil. To ensure maximum consumption of cooking oil, scribes audited the amount of oil consumed by households to ensure that substitutes and recycled products were not being used.[xx]Audit is still a major tool for securing tax compliance.

2.2 Categorisation of Taxes

Profit is the motivation for investment. In pursuit of profits businesses move across borders. Tax is imposed on profit/income. Countries design their taxation systems so that no profit/income escapes being taxed. One of the ways of getting this about is through categorisation of taxes and tax systems for purposes of tax maximization.

2.2.1 Main Categorisation of Tax Systems

There are two main categories of tax systems with respect to taxation of investment income/profit namely, (i)the worldwide tax system, and (ii) the territorial tax system.

(a) Worldwide Tax System

Under the worldwide tax system (sometime known as citizen based tax system), dividends, which is the motivation for investment, received by the parent company or after-tax profits from offshore company investments are grossed up to their pre-tax amount and included in the taxable income of the parent company or recipient of the dividend in the home country. However, tax credit is allowed for taxes paid outside the home country.[xxi] The worldwide tax system is criticised for the possibility of tax avoidance by offshore investors through deferred taxes or profit shifting that may arise from the delay in remitting dividends. Only the US and Eritrea operate the worldwide tax system in its classical form.[xxii].However, there are hybrids of worldwide and territorial tax systems in some countries including Nigeria. A major challenge is the determination of residence and the technical test of physical presence which is based on domestic laws.[xxiii]

(b) Territorial Tax System

Under the territorial tax system, dividends received from offshore companies/investments, by parent companies, are wholly or partially exempt from inclusion in the parent company’s local and taxable income. By implication offshore companies are motivated to remit after-tax profits and dividends to parent company or home base, without fear of double or further taxation.

The advantages and disadvantages of the two systems are not within the scope of this paper.

2.2.2 Other Categorisations of Tax Systems

2.2.2.1 Tax Administration Systems

The early history of taxation shows that taxes were imposed and by those in authority such as landlords, kings, emperors, etc. and later the executive arm of government.[xxiv]. Under this arrangement, a system of tax administration based on government assessment emerged. At the extreme, in early history, taxes were imposed by the executive arm of government without reference to the legislators, the representatives of the people.

(a) **Government Assessment System**

In this system, sometimes referred to as administrative assessment, the power of issuing and raising notices of assessment rested with government officials, based on laws made by Legislators or by Executive Order. The system was faced by inherent delays, inefficiencies and arbitrariness. This system is becoming outdated.

(b) **Voluntary tax compliance**

The voluntary tax compliance system is executed through self-assessment of tax by the taxable person. This system emerged as a means of democratising the tax system and to introduce the element of willingness (even if seemingly) of the taxpayer to pay tax. The way it works will be explained in paragraph 3.4.1.1

2.2.2.2 Specific Methodologies of Tax Systems

Early tax history reported a resistance to the imposition of taxes either due to its arbitrariness, heavy tax burden, corruption, etc. To avert tax resistance and to secure the willingness of taxpayers to pay, concepts such as ‘’fairness’, ‘equity’, and ‘ability to pay’ emerged. Methodologies to actualise these concepts also emerged. They include;

(a) **Proportional Tax System**

In the proportional tax system, a single rate of tax is applied notwithstanding the amount of income.[xxv] That is, every taxpayer pays the same proportion of income as tax.[xxvi] The tax rate does not change with increase or decrease in income/profit. It is considered as a fairer tax system in a country such as Russia and some States in the US.

(b) **Progressive tax system**

In a progressive tax system, the tax rate increases as income increases. It addresses the issue of vertical equity, in which case it can be used as a tool for redistribution of income by taking resources from the rich and channelling them to public goods for the benefit of the poor.

(c) **Regressive tax system**

A regressive tax system results when the incidence of tax reduces with every rise in income. That is , the incidence of tax falls more heavily on lower income group.[xxvii] It is noted that the regressive tax system is unpopular and led to tax riots and protests in many countries in the past.

2.3 Tax Types of Selected Countries

2.3.1 General classification of tax types

It is reiterated that taxes are generally classified as direct, when it is imposed directly on the income or property of the person paying the tax, and indirectly when imposed on goods and services. This pattern is maintained around the world. In this subchapter an overview of tax types will be discussed followed by emphasis on selected country cases.

2.3.2. General List of Tax Types

2.3.2.1.1 Consumption Tax;

(a) Value added tax or goods and services tax as applies in some tax jurisdictions; and

(b) Sales tax.

2.3.2.1.2 Excise Taxes;

(a) Alcohol;

(b) Carbon tax on content of fuel;

(c) Fat tax;

(d) Luxury tax; and

(e) Sin tax.

2.3.2.2. Stamp duty

2.3.2.3 Capital transfer tax.

2.3.2.4 Income tax;

(a) Corporation tax;

(b) Personal income tax;

(c) Windfall tax or excess profit tax;

(d) Capital gains tax;

(e) Inheritance tax;

(f) Negative income tax. This is similar to cash transfer to the poor;

(h) Gift tax;

(i) Dividend tax; and

(g) Gross receipt tax (tax on revenue even if profit was not made).[xxviii]

2.3.3 Specific Country Tax Types

2.3.3.1 Tax types in India

There are about twenty-five tax types in India namely;

Direct taxes

(i) Capital gains tax; imposed on gains derived from disposal of capital;

(ii) Income tax; on every taxable person. Progressive tax rates are applied;

(iii) Corporation tax;[xxix]

(iv) Securities tax; and

(v) Perquisite tax.

Indirect taxes

(i) Service tax; on services such as phone, tour operators, advertisement, banking and finance, consultancy services, etc.

(ii) Sales tax; imposed by the Union Government and value added tax; imposed by States;

(iii) Anti-dumping duty; imposed to check unfair trade carried out through aggressive price reduction;

(iv) Custom and excise duties;

(v) Entry tax;

(vi) Toll tax;

(vii) Stamp duties;

(viii) Municipal tax;

(ix) Infrastructure tax levied on petrol/liquefied petroleum gas;

(x) Education cess; surcharge deducted and used for the education of poor people;

(xi) Gift tax; and

(xii) Dividend tax.

2.3.3.2 Tax Types in United States of America(US)

The US runs a federal system of government. As a result, taxes are imposed by various tiers of government in the US; federal, states and municipal/council. On broad categorisation, the tax types include;

(a) **Income tax**. This is made up of personal, corporate, estate and trust income. These are collected at the three levels of government, as the case may be;

(b) Sales tax imposed at the level of State Government.[xxx] However, the State of Michigan imposed the single business tax as a value added tax[xxxi] and replaced it with the Michigan Business Tax in 2007. On the whole, value added tax in whatever form later disappeared as a tax type in Michigan.[xxxii]What this shows is that States/Countries keep experimenting with tax types for the purposes of tax revenue maximization;

(c) Payroll taxes; collected by all tiers of government;

(d) Property tax; collected by most local governments;

(d) Customs and excise duties;

(e) Estate and gift tax;

(f) Licences and occupational taxes (user fees);

(h) Hotel tax (luxury, occupancy, city); and

(i) Sin tax (cigar, alcohol, etc.)

CHAPTER THREE

TAXATION OF INDIVIDUALS AND ORGANISATIONS IN NIGERIA

3.1 **Short history of taxation in Nigeria**

Taxation in the pre-history period in Nigeria can only be imagined, due to inadequacies of records. What is clear is that human development is a matter of environmental determinism, which eventually influences the culture of the people. Africans, of which Nigerians are part, are noted for their communal culture, as opposed to individualism in the culture of Europeans. The early system of taxation must have developed along communal lines. Relics/evidence of taxation on communal lines can be found in the wordings of the Personal Income Tax Act(PITA), chapter P8, 2004, as amended, that is, ''of individuals, communities and families''.[xxxiii]

From the generalisation above I can now 'walk through' the history of taxation in Nigeria;

Communities that formed the present day Nigeria collected one form of tax or the other in efforts to raise funds for the execution of joint projects, such as water(wells), access roads, security, etc.[xxxiv]There was the 'ose'; a compulsory community contribution, 'isakole';a tax paid for use or occupation of land, 'kudinkasa'; an agricultural tax, and 'jangali'; for greasing of cattle.. The communities enforced the collection of the taxes directly.

At a point in history Britain colonised the communities and peoples that constitute present day Nigeria. The colonial masters introduced their tax administration system in Nigeria. The first step was the imposition of income tax in Northern Nigeria in 1917 by Lord Fredric Lugard.[xxxv]The tax was called community tax. The appellation of the tax gives credence to the assumption made at the beginning of this chapter regarding the communal culture of the people. This tax was later extended to the rest of the country through the Native Revenue Ordinance. The law was passed with respect to the Western Region of Nigeria in 1918, and the Eastern Region in 1928. In between the years, there was the Tax(Colony) Ordinance, 1927, which imposed tax on all native and non-native adults.[xxxvi]

In 1939, the Tax Ordinance No.14, 1939 was enacted by the Colonial Government. The Act introduced income tax in Nigeria and the word 'person' to the Nigerian tax lexicon. It defined ''person'' as body corporate or collegiate, company, fraternity, fellowship or society of persons whether corporate or not corporate.[xxxvii]In 1940, the earlier native revenue ordinances of 1917,1918,1927 and 1939 were consolidated and incorporated into the Direct Taxation (Ordinance),No.14,1940.[xxxviii]

All of the developments above happened with Nigeria being part of the Colonial Tax Administration of West Africa. In 1943, the Nigeria Tax Administration was separated from the rest of West Africa through the Income (Ordinance) No.29 of 1943.[xxxix] Thus the Federal Board of Inland Revenue was created to take charge of the Nigerian tax administration system.

3.1.1 Other Developments in Tax Administration

The brief history of taxation in Nigeria will not be complete without mentioning the tax resistance that arose in the course of the imposition of various taxes. They all followed the pattern of protests/ tax resistance in other parts of the world. Examples of tax resistance in Nigeria are;

(a) In 1914, people were massacred in Ijebu Land due to tax resistance. There was also a riot in the same place in 1918. Over 500 people were killed in the two events.[xl] ; and

(b) In 1929, women rioted in Aba over rumoured plan to impose taxes on women.[xli]

3.2 Taxing Powers

Based on experience of temptation of the executive arm of government to impose heavy tax burden on the people, and to prevent tax resistance/protests arising from excess tax burden, the taxing powers in Nigeria are shared between the executive and legislatures. This is to ensure separation of powers, and checks and balances.[xlii]This principle of checks and balances in taxing powers agrees with the broad principle of separation of powers propounded by the French Philosopher, Montesquieu in 1784[xliii].

3.2.1 Specific power sharing arrangements in taxation

The 1960 Independence Constitution of Nigeria empowered Parliament of each Region to make laws for Nigeria or any part thereof with respect to taxes on income and profits other than the income and profits of companies. It is important to note that the intervention of the Military into politics led to the abrogation of the 1963 Republic Constitution that followed. Subsequently the taxing powers were concentrated on the Federal Government. The 1979 Constitution put taxation of income, profits, capital gains, and customs and excise on the exclusive legislative list and within the purview of the National Assembly. The latest in the series of Constitutions is the Constitution of the Federal Republic of Nigeria,1999, as amended. In this Constitution, the powers to impose tax on incomes, profit, capital gains, and customs and excise are contained in the exclusive legislative list, and vested in the National Assembly.[xliv]

In section 59(b) of the Constitution of the Federal Republic of Nigeria,1999, the National Assembly also has powers over any bill for the imposition of or increase in any tax, duty or fee or any reduction, withdrawal or cancellation thereof. To strengthen the powers of the National Assembly, in Part 11, Concurrent Legislative List, D, Tax Authorities of States operate subject to such conditions as the National Assembly may prescribe, and it may provide that the collection of any such tax or duty or the administration of law imposing it be carried out by the Government of a State or other authority of a State. However, while the taxation powers of the National Assembly may appear to be overbearing, with respect to fiscal federalism, it solved the challenges of double taxation and the distortion of information upon which investment decisions in Nigeria as based.

The import of the above is that the National Assembly has wide powers over taxation in the three tiers of government. To a large extent, these powers are hardly exercised, albeit exercised cautiously.

3.2.2 Other Checks and Balances

Tax policies and administration are within the purview of the Executive arm of government. As noted in 3.2.1 above, the Legislative arm of government makes laws for the imposition of taxes. On the other hand, the Judiciary is responsible for the interpretation of laws, including tax laws, and adjudication in cases of tax disputes. Therefore, there are enough safe guards for the rule of law in tax administration in Nigeria.

Adjudication over tax disputes are carried out through;

- Magistrate Courts;
- Tax Appeal Tribunal set up by law of the National Assembly;

- State High Courts;
- Federal High Courts;
- Courts of Appeal; and
- Supreme Court.
    - There are also internal dispute resolution windows, within the Revenue Services, through reviews and referrals.

3.3 Tax Authorities

The effect of the 1999 Constitution regarding taxing powers is that decidedly States cannot make laws imposing taxes. Even the power of collection and administration of tax laws are at the pleasure of the National Assembly. This resolves contentious issues of conflict of laws and its impact in investment decisions. However, Nigeria runs three tiers of government, Federal; State and Local Governments. The issue of fiscal federalism is not lost sight of in the course of the execution of the wide taxing powers of the National Assembly. Responsibilities are assigned to each tier of government regarding administration of certain taxes and levies. The consequence is that there are three layers of tax authorities and administration in Nigeria;

(i) Federal Inland Revenue Service(FIRS), which operates at the Federal level. It collects various taxes assigned to it all over the Federation. Therefore, it has a national network of offices;[xlv]Taxes assigned to FIRS will be discussed later, under taxes and levies. It has to be emphasised that the FIRS collects taxes, not necessarily for the Federal Government but on behalf of the federation.

(ii) Internal Revenue Services of States: Each of the thirty-six States and the Federal Capital Territory (if is treated as if it were a State) has its own Internal Revenue Service. Their powers of tax collection, administration and jurisdiction are contained in the taxes and levies approved list for collection; and

(iii) Local governments have their taxes and levies collection and administration duties. In some cases, their duties are performed in collaboration with State tax authorities.

3.3.1 Harmonisation in tax administration

While there are thirty-eight tax authorities in Nigeria, between the Federal and State Governments, it is not as if there is a cacophony in tax administration. There are indeed thirty-nine tax administration authorities if the Nigeria Customs Service, that collects indirect taxes, is taken into consideration, although it is not merged with the Federal Inland Revenue Service, as is the practice in many countries. Tax harmonisation is achieved through efforts of the Joint Tax Board(JTB), a quasi-umbrella Body made up of the thirty-eight Revenue Services, including the Federal Inland Revenue Service. The JTB uses its best endeavours to achieve harmonisation in tax administration.

3.4 Tax systems that have been in operation in Nigeria

3.4.1 Broad tax system

In chapter one of this paper, I identified the worldwide (citizenship based) tax system and the territorial (residence or source based) tax system as the two broad categorisation of tax systems. It was observed, from literature, that only the US and Eritrea operate the worldwide tax system in its classical form (see page 7 of this text) of imposing tax on global income, notwithstanding wherever they were made, based on US or Eritrean citizenship of the individual or corporation. However, a critical look at the Nigerian tax laws reveal something to the contrary. In pursuance of Companies Income Tax Act(CITA), chapter(cap)21, laws of the Federation of Nigeria(LFN), 2004, as amended; charge of tax. Tax is payable upon the profits of any company accruing in, derived from, **brought into** or received in Nigeria. The point of interest is profit brought into Nigeria. The fact of subjecting profit brought into Nigeria to further tax implies a kind of taxation of worldwide income. PITA has similar provisions. The implication is that Nigeria runs a hybrid of worldwide and territorial tax system[xlvi]. The difference though, is that such profits/incomes are exempt from further tax if they are brought into Nigeria through official channels.[xlvii]

The discussions above are on what gets taxed, in this case profits/income, accruing in, derived from, brought into or received in Nigeria. The issue now is how the profits will be assessed to tax. The major systems of assessment are;

- ✓ Government (in some cases referred to as administrative) assessment;
- ✓ Self-assessment; and
- ✓ A hybrid of government and self-assessment.

Prior to 1991 Nigeria operated the government or administrative assessment tax system. Meaning that revenue officials (on behalf of government) must issue notices of assessment before any tax could be paid. This system had inherent delays due to beaucratic bottlenecks because of the issue of lien before tax could be paid. It was a non-business approach to tax collection. In addition, it lent itself to arbitrariness and corruption. Nigeria consequently jettisoned this system and adopted, the globally popular, self-assessment tax system in 1991 although it took effect in 1992.

3.4.1.1 The Self-assessment tax system in Nigeria

The self-assessment tax system, a tool for voluntary tax compliance, was introduced in Nigeria in 1991. It is considered to be democratic and has the element of willingness of the taxpayer to pay. The system is indeed supported by the Constitution of the Federal Republic of Nigeria, 1999, as amended, as it provides that ‘’it shall be the duty of every citizen to declare his income honestly to appropriate and lawful agencies and pay taxes promptly’’. The element of declaration of income is synonymous with assessment. The practice is that declaration of income and payment of tax are concurrent in a self-assessment tax regime. The positive effect is that the delays in payments arising from the need to wait for assessment notices, from Revenue officials, is removed.

In spite of the Constitutional backing for the self-assessment tax regime, the level of compliance was low. This necessitated its revamping and relaunch through a project based approach in 2011/2012. One of the guiding principles of the self-assessment tax system is that the taxpayer, with a better knowledge of the profit of the company, is in a better position to make assessment and pay tax due on due date. On the other hand, the Revenue should exercise its right of verification of profits/s declared and validation of tax returns, to issue notices of re-assessment (additional assessment), where the case arises, and to apply appropriate sanctions where it becomes necessary. Thus, in practice, what is in operation is a hybrid of self-assessment and administrative assessment systems.

The self-assessment tax system relies heavily on taxpayer education and other support required to enable the taxpayer to discharge his tax obligations. On the other hand the Tax Authority must carry out post filing control measures and impose sanctions for tax default. Therefore, the self-assessment tax system, as a tool of voluntary tax compliance, relies on the balance between taxpayer education and compliance enforcement for its effectiveness.

3.5 Tax Types in Nigeria.

Taxes may be classified broadly as direct or indirect. The classifications are in accordance with the tax base.

Direct taxes are taxes imposed directly upon a person or property thereof. The burden of direct taxes are not shifted.[xlviii]. Indirect taxes are taxes on things, goods, and services. The burden may be shifted along the lines of transaction up to the final consumer.

Direct and indirect taxes in Nigeria are similar, to a large extent, to those of other countries, as discussed in chapter two of this paper. The breakdown of the tax types is given below. However, more details will be given in the taxes and levies approved list for collection, which deals with jurisdictions and taxing powers of each of the three tiers of government.

Indirect taxes

- ✓ Value added tax;
- ✓ Consumption tax (charged by some States);
- ✓ Excise duties; and
- ✓ Custom duties.

Direct taxes

- ✓ Companies income tax;
- ✓ Personal income tax;
- ✓ Petroleum profits tax; and
- ✓ Education tax;
- ✓ Information technology development levy;
- ✓ Capital gains tax; and

- ✓ Entertainment tax (depending on who is paying).

3.5.1Taxes and Levies (Approved List for Collection) Act (Amendment) Order 2015

The order is an update to Taxes and Levies (Approved List for Collection) Act, 1998. The Act assigned taxes and levies to each tier of government to be collected within its jurisdiction. The main purpose of the Act is to eliminate multiple taxation. However, the fact of number of taxes and levies should not be taken as an indication of multiple taxation as many of the levies are user fees paid as many times as the services are used. The processes and procedures for the collection of the taxes and levies are regulated by the applicable laws especially, Companies Income Tax Act, Petroleum Profits Tax Act, Personal Income Tax Act, and Value Added Tax Act. The allocation of the collection of taxes and levies amongst each of the tiers of government are shown below:

3.5.2 Taxes collected by the Federal Government

1. Companies income tax;
2. Withholding tax on companies (not really a tax, although in special circumstances it me be a final tax) and non-resident individuals;
3. Personal income tax;
   - ➢ Members of the Armed Forces and Police;
   - ➢ Staff of the External Affairs Ministry.
4. Value added tax;
5. Education tax;
6. Capital gains tax of corporate bodies and non-resident individuals;
7. Stamp duties on bodies corporate; and
8. National information technology development levy

3.5.3 Taxes and Levies to be collected by the State Government

1. Personal Income Tax in respect of-
   (a) Pay-As-You-Earn (PAYE); and
   (b) Direct taxation (self-assessment)
2. Withholding tax (individual only)
3. Capital gains tax (individual only)
4. Stamp duties on instruments executed by individuals
5. Pools betting and lotteries, gaming and casino taxes
6. Road taxes
7. Business premises registration fee in respect of-
   (a) Urban areas as defined by each State, maximum of;
   (i) N10,000 for registration; and
   (ii) N5,000 per annum for renewal of registration
   (b) Rural areas
   (i) N2,000 for registration; and
   (ii) N1,000 per annum for renewal of registration
8. Development levy (individual only) not more than N100 per annum on all taxable individuals
9. Naming of street registration fee in the State Capital
10. Right of Occupancy fee on lands owned by the State Government in urban areas of the State
11. Market taxes and levies where State finance is involved
12. Hotel, Restaurant or Event Centre Consumption Tax, where applicable
13. Environmental (Ecological) fee or levy
14. Mining, Milling and Quarry fees, where applicable
15. Animal trade tax, where applicable
16. Produce sales, where applicable

17. Slaughter or Abattoir fee, where State finance is involved
18. Infrastructure maintenance charge or levy, where applicable
19. Fire service charge
20. Economic development levy, where applicable
21. Social services contribution levy, where applicable
22. Signage and mobile advertisement, jointly collected by State and Local Government
23. Property tax
24. Land use charge where applicable

- ❖ Wharf landing fee collected by the State where there are facilities to administer such fees which may be jointly administered by the State and Local Government and proceeds from collection shared in line with an agreed proportion.
- ❖ A single parking permit sticker designed by the JTB and issued by operators of the parks where vehicles are parked in the course of their journey.
- ❖ Road worthiness certificate fee should be collected by the State in which the vehicle operates and should be administered by State Internal Revenue Service in conjunction with appropriate agencies.
- ❖ Fire service levy should be a charge on business premises and corporate organizations and Federal Fire Service can only collect fire service levies in the FCT Abuja.
- ❖ A single Inter-State Road Taxes sticker for any vehicle within Nigeria designed by JTB for all the States and the sticker is to be administered by all the States.
- ❖ A single haulage fee payable at the points of loading in the State of departure and single haulage fee payable at the points of discharge of the goods which the States are required to set up institutional structure to collect.

- It is a mandatory provision of the Approved List of Taxes Law that no person other than the legally authorized tax authority of either the Federal or State or Local Government, as applicable, can assess and collect any tax except as authorized under the Approved List of Taxes Law.

The unlawful mounting of road blocks on expressways in any part of Nigeria for the purpose of collecting any tax or levy with or without Policemen or other law enforcement agents is forbidden and punishable under this referenced law. Any person who collects or levies any tax or levy, or who mounts a road block or causes one to be mounted for the purpose of collecting any tax or levy contravenes Section 2 of the Approved List of Taxes Law and is liable on conviction to a fine of N50,000 or three years' imprisonment or to both the fine and the term of imprisonment.

3.5.4 Taxes and Levies to be collected by the local government

1. Shops and kiosk rates
2. Tenement rates
3. On and off liquors license fees
4. Slaughter slab fees
5. Marriage, birth and death registration fees
6. Naming of street registration fee, excluding any street in the State Capital
7. Right of Occupancy fees on lands in rural areas, excluding those collected by the Federal and State Government
8. Market taxes and levies excluding any market where State finance is involved.
9. Motor park levies
10. Domestic animal licence fees

11. Bicycle, truck, canoe, wheelbarrow and cart fees, other than a mechanically propelled truck
12. Cattle tax payable by cattle farmers only
13. Merriment and road closure levy
14. Radio and television licence fee (other than radio and television transmitter).
15. Vehicle radio licence fee (to be imposed by the local government of the State in which the car is registered).
16. Wrong parking charges.
17. Public convenience, sewage and refuse disposal fees
18. Customary burial ground permit fees
19. Religious places establishment permit fees
20. Signboard and advertisement permit fees

3.6 Tax Administration and Compliance Practices

Tax administration and compliance practices are guided by the law that regulates each of the tax types. Therefore, basic tax obligations such as due dates for filing tax returns and payments differ. A synopsis of the practices for each of the major tax types are discussed below. In the main, all of the indirect taxes and some of the direct taxes are based on transactions. Therefore, they may not all be discussed individually due to constraints time and space.

3.6.1 Petroleum Profits Tax

Taxation of companies engaged in exploration and production of crude oil is regulated by Petroleum Profits Tax Act(PPTA), Cap P13, LFN, 2004, as amended. PPTA was first promulgated in 1959 but took effect in 1958. Taxation of the oil industry is organised around three subsectors namely;

(a) **Upstream**; this covers exploration and production of crude oil, including exploration, searching for potential underground or underwater crude oil and natural gas, drilling of exploratory and development wells;

(b) **Midstream**; this subsector handles the transportation of petroleum through pipelines, rail, barge, oil tanker or truck; and

(c) **Downstream**; engages in refining of crude oil and the processing and purifying of raw natural gas. It also includes marketing and distribution of products derived from crude oil and natural gas. The end products include petrol, kerosene, jet fuel, diesel oil, lubricants, asphalt, natural gas and liquefied petroleum gas(LPG), and petrochemicals.[xlix]

3.6.1.1 Tax regimes

Taxation of the various streams are regulated by different tax laws. These are discussed below:

(a) **Taxation of activities in the upstream subsector**.

Taxation of the upstream subsector is regulated by Petroleum Profits Tax Act(PPTA), Cap P13, LFN, 2004, as amended and Deep Offshore and Inland Basin Production Sharing Contract, Cap D3 LFN,2004, as amended.

Payments of petroleum profits tax(PPT) are made in twelve equal instalments based on estimates. The estimates, which may be revised as economic circumstances change, are submitted to the relevant tax authority, the Federal Inland Revenue Service at the end of the month of February of the fiscal year. The first instalment is due and payable at the end of March of that year, while the twelfth instalment is due and payable not later than the end of February of the following year (year of assessment).

The tax returns, made up of audited accounts, tax and capital allowances computations are due at the end of May of the following year. Thus, tax returns for activities carried out in 2017 will be filed in May, 2018.A 13th and final instalment of tax, if any, is paid as soon as notice of assessment is served on the taxable person.

Tax rate is fifty (50) per cent of chargeable profit for the duration of a production sharing contract(PSC), eighty-five (85) per cent of chargeable profits for companies engaged in normal exploration and production of crude oil, and 65.75 per cent for E&P companies that are yet to make bulk sale or disposal of crude oil.

There are generous incentives for E&P companies by way of investment tax credits and graduated royalty rates depending on depth of operations below the surface.

(b) **Taxation of activities in midstream and downstream subsector**.

Taxation of midstream and downstream operations fall within the purview of Companies Income Tax Act. Also, the operations of some of the companies that operate in the upstream subsector are taxed under CITA, to the extent that it does not constitute petroleum operations. These activities are by way of services rendered to E&P companies by oil service companies.

3.6.2 Companies income tax(CIT)

Companies income tax is regulated by Companies Income Tax Act(CIT), Cap C21, LFN, 2004, as amended. This law has its roots in Companies Income Act, 1961.Companies income tax has always been administered at the Federal level by the Federal Inland Revenue Service(FIRS). CIT is tax on profits of companies incorporated in and/or doing business in Nigeria with respect to;

Trade or business, rent or any premium, dividends, interests, royalties, fee, dues and allowances for services rendered, among others.

The first regulatory requirement, with respect to tax, is registration with FIRS in order to get taxpayer identification number(TIN) and to render first set of tax returns; and to qualify for issuance of tax clearance certificate(TCC). Companies income tax is imposed on preceding year basis (that is, on profit of the preceding year). Given below are some of the key compliance procedures:

- An incorporated company that fails to commence business after six months will pay a pre-operation level for each year it obtains TCC;
- Newly incorporated companies are expected to file tax returns within eighteen months from date of incorporation or not later than six months from accounting year end;
- Upon commencement of business, tax returns are rendered based on actual operations for that year, that is, from date of commencement to the end of that year. The second set of tax returns, known as returns for the second year, is based on income for the operations of the first twelve months. The third set of tax returns or returns for the third year is on preceding year basis. A company may elect to be taxed on actual income of the second and third years to avoid double taxation of some income/profits. However, in case of cessation of the company, the Revenue has the right of choice of method of imposition of tax either on actual or preceding year basis.
- Subsequently, annual tax returns are expected to be filed not later than six months of accounting year end, based on preceding year; and
- All tax returns should be accompanied by a self-assessment form

and evidence of payment of tax due. It is noted that at the inception of the self-assessment tax regime, the payment requirement was for at least the first instalment. This served as an incentive for self-assessment filers. At that time filing by self-assessment was not compulsory.

3.6.2.1 Method of assessment and imposition of tax

The income liable to tax is the income earned in the preceding year less deductions that are allowed by laws, including capital allowances at appropriate rates (in place of depreciation of assets, which is added back to income). Some deductions (expenses incurred by the taxpayer in arriving at profits) are not allowed for tax purposes. While the laws allow for the deduction of qualified expenses, some types of income are exempt from tax.

Tax is imposed on the total profits (profits of the preceding year from all sources, with addbacks less deductions allowed). The tax rate is thirty (30) per cent and it is applied to the total profit. However, companies in manufacturing or agricultural production, mining of solid minerals or wholly export business, whose turnover is less than one million Naira(₦1,000,000), pay tax at the concessional rate of twenty (20) per cent of total profits. On the whole, every company is entitled to offset (or net -off) taxes deducted at source from tax payable. In the event of losses or situations of no tax payable or tax payable that is lower than minimum tax, calculated on the basis of some parameters, minimum tax will apply.

On account of the self-assessment tax regime, filing of tax returns and payments of tax due are concurrent.

3.6.2.2 Exercise of the powers of the Revenue

Once tax returns are filed, the Revenue exercises its power of audit of the tax returns in the manner below;

- ✓ Validation of tax returns as filed at the point of filing;
- ✓ Verification of income declared and the expenses thereof through desk audit and/or field audit. Investigation is carried out in cases of fraud and harmful tax practices;
- ✓ The Revenue may exercise its power of forceful entry into business premises, and search and seizure of documents for the purposes of establishing correct amount of taxes due;
- ✓ The law grants the taxpayer the right of objection against actions and assessments raised by the Revenue both administratively and in courts of law. Both parties have the right of appeal against decisions of courts of law; and
- ✓ Sanctions are imposed for non-compliance with the provisions of CITA.

3.6.2.3 Tax incentives

Generally, tax incentives are granted to companies that operate in Nigeria. This comes about as government uses its fiscal/tax policy tools to direct investments to preferred sectors of the economy. Some of the tax incentives granted are highlighted below:

i. **Tax holidays**

Companies that deal in pioneer products are granted tax holidays for a period of about five years. Pioneer status is regulated by Industrial Development (Income Tax Relief) Act, Cap I 7, LFN, 2004, as amended. Also, in pursuance of CITA, companies that operate in export processing zones are granted tax incentives. This is in addition to tax free period or investment allowances granted companies engaged in gas utilisation, in the downstream subsector of the oil sector.

ii. **Accelerated capital allowances**

Accelerated capital allowances are granted for investment in certain assets and areas in the economy.

iii. **Tax incentives for new Companies**

Newly incorporated companies do not pay minimum tax in the first four years of operation.

3.6.3 Personal Income Tax

Personal income tax(PIT) in Nigeria is based on residence. As a result, taxpayers pay in and to their State of residence. There are exceptions to this rule as in the case of Members of the Armed Forces and the Police, and Staff of the External Affairs Ministry. However, PIT is a federal tax and is legislated by the National Assembly. However, States retain tax collected.

3.6.3.1 Regulatory environment

The 1960 Constitution, Order-in-Council, placed taxation of companies and individuals on the concurrent legislative list; with the Federal Government responsible for the assessment and collection of companies' income tax, while Regions (now States) had powers over PIT. This arrangement was put into effect through Companies Income Tax Act, No.22 of 1961 and Income Tax Management Act (ITMA), 1961.[l] These Acts had several amendments. It is worthy to note that the 1979 Constitution of the Federal Republic of Nigeria eventually placed taxation on the Exclusive Legislative List, as observed earlier in this chapter. Currently, the law regulating the taxation of individuals is PITA, Cap P8, LFN, 2004, as amended; it has to be noted that it superseded the Principal Act PITA of 1993, No.104.

The taxing powers of PITA is wide. It imposes tax on the incomes of individuals (employed and self-employed) communities and families. Income chargeable is the aggregate amount for the year, from sources inside and outside Nigeria including;

- ✓ Gain or profit from any trade, business, vocation or profession; any salary, wage, fee, allowance or other gain or profit from employment including bonuses, premiums, benefits or other perquisites allowed, given or granted by any person to any temporary or permanent employee. There is a threshold of 183 days stay for non-Nigerian residents. Within the country issues of principal place of residence may arise in determining the taxing rights of tax authorities, over taxpayers with dual/multiple residence.

3.6.3.2 Method of assessment and imposition of tax

The requirements below should be met by every taxable person in the course of filing annual tax returns;

- ✓ There must be a declaration of the amount of income from each and every source of income for the preceding year;
- ✓ The tax computation should be made in the form as may be authorised by the Minister by order in the gazette;
- ✓ There must be a declaration that the return is true and correct statement;
- ✓ There should be capital allowances computation, where necessary, with allowable deductions;
- ✓ The tax return must be filed within ninety (90) days from the commencement of every assessment year;

- ✓ The tax return should be accompanied by evidence of payment of tax due at the designated bank or as allowed by regulation;
- ✓ Where income of a taxable person cannot be ascertained then the presumptive tax regime will apply;
- ✓ The rates are progressive and graduated in six bands. There is a consolidated allowance plus twenty per cent of gross income, subject to a minimum tax of one (1) per cent of gross income;
- ✓ Under the pay-as-you-earn(PAYE) arrangement, income chargeable on an employee is deducted by the employer from any emolument paid. Tax deducted at source is set off from tax due when tax returns are filed.

3.6.3.3 Powers of the Revenue

The powers of the Revenue in PIT administration are similar to those of companies' income tax. The appeal processes also are the same.

3.7 Efforts at tax reform

Tax policies, tax laws and tax administration make up the tax system. Each of the segments strive to make the tax system efficient and effective. Unfortunately, at every point in the history of taxation in Nigeria issues arose that undermined the performance of the tax system, in terms of achieving effectiveness and efficiency. These issues arose due to the unpredictability of human behaviour in response to tax laws. The Nigerian government historically responded to hiccups to effective and efficient tax administration through tax reforms. Highlights of some of the tax reforms are given below:

3.7.1 Raisman Commission, 1957

This Commission was set up to review taxing powers and revenue allocation formula. It recommended that taxation of companies and non-resident persons should fall within the purview of the Federal(Central) Government while the Regions (now States) should administer the taxation of individuals. The recommendations led to the promulgation of Companies Income Tax Act, 1961 and Income Tax Management Act, 1961 as noted in in paragraph 3.6.1.

3.7.2 Task Force on Tax Administration, 1978

The recommendations of the Committee led to;

(a) The introduction of the withholding tax(WHT) regime. It is noted that the WHT is not a tax but a collection machinery to reduce the risk of tax default and to get information on the initial taxpayer;[li]

(b) Special levy on excess profit of companies including banks; and

(c) Turnover tax on building and construction companies.

3.7.3 Introduction of the Self-Assessment Tax Regime

The self-assessment tax regime was introduced by law into the Nigerian tax system in 1991 but had operational effect from 1992. It was introduced on account of being a more efficient tax system. However, it was not effective until 2011 when it was relaunched through a project-based system.

3.7.4 Tax Reforms of 1992

In an effort to maximize revenue collection government set up two groups to review the performance of the Nigeria tax system. As a result of the report of the group on indirect taxes, value added tax(VAT) was introduced in 1993 for the purpose of shifting emphasis from direct to indirect tax (consumption tax). Also, in 1993, following the report of the group on the review of direct tax system, the FIRS was granted more powers through being made the operational arm of the Board, among other tax reform initiatives.

3.7.5 Study Group and review Group on the Nigerian Tax System 2003 and 2004.

Government approved most of the recommendations of the two Groups. The outcomes include semi-autonomous status to the FIRS through the FIRS(Establishment)Act, 2007, amendment of four tax laws to make them more effective, and the strengthening of tax compliance enforcement and taxpayer education as vehicles for voluntary tax compliance. Another outcome is the creation of a Management Board for the Service, with the powers to determine the terms and conditions of service, as opposed to a Technical Board that existed before April, 2007.

3.8 Voluntary Assets and Income Declaration Scheme

Nigeria has a poor tax compliance culture. This is evident in the fact that the contribution of tax to gross domestic product(GDP) is only 6.1 per cent. A performance that is one of the lowest in the world. The fall in crude oil prices, led to a fall in the country's currency and a fall in actual government revenue. Crude oil is the main stay of Nigeria's economy. Government had to take a step aimed at increasing tax compliance rate by granting tax amnesty to defaulting taxpayers, with a view to bringing more taxpayers into the tax net. This was done through the Voluntary Assets and Income Declaration Scheme(VAIDS) via Order No.004 of July 1, 2017. The benefits of VAIDS are;

- Immunity from prosecution upon voluntary declaration of income and assets;
- Immunity from tax audit;

- Waiver of interest;
- Waiver of penalties; and
- Possibility of spreading payment of outstanding liabilities over a maximum period of three years.

VAIDS came into operation from July 1, 2017 and will be effective till the end of March, 2018. There are disadvantages in not taking advantage of the scheme. It is noted that VAIDS was put in place in pursuance of the powers granted by CITA.

CHAPTER FOUR

SUMMARY and CONCLUSION

Taxes are enforced by government. Therefore, the extent to which taxation achieves desired objectives depends on government.

4.1 Tax base

Taxes are imposed on the annual income of individuals and limited liability or public limited companies. Specifically, in the case of organisations such as partnerships and non-limited corporate bodies, the incidence of tax fails on the individuals that make up such bodies. However, taxation in Nigeria extends to communities and families. In this case, the burden of tax falls on the income of the group to the extent that the income of the individual is indeterminate. Those who bear the burden of tax, whether as individuals, families, communities, limited liability/public limited companies are known as taxable person.

4.2 Importance of taxation

Taxation is an important matter to government because it determines how much money is available to government for development and the control of the direction of the economy, as well as encouraging investment. One of the challenges faced by government over time is tax resistance and protests against social inequalities. Most governments have managed this through the principle of taxation based on ability to pay. This novel principle gave rise to the concept of progressive tax system leading to the development of graduated tax rates that make people in the higher income bracket to pay more taxes than the lower income group. In this way resources are transferred from the ‘’rich’’ to service public goods enjoyed by the ‘’poor’’. In this way taxation is used as a mitigation against social inequality.

4.3 Tax maximization efforts

Historically, there has always been unwillingness on the part of taxpayers to pay tax. In an attempt to maximize tax collection, governments devised many tax types to ensure inclusiveness of all types of income in the tax net. The tax types are similar around the world. The similarity may have resulted from interactions amongst countries. On the heels of tax types are various tax systems; taxation based on worldwide income(citizenship) and territorial system(residency). Other efforts at tax maximization led to the introduction of the concept of voluntary tax compliance, through the self-assessment tax system.

4.4 Equity in taxation system

As a result of dire need for fund for development, there is always the temptation to increase the tax burden on the people, by the executive/ spending arm of government. Taxpayers always resisted increase in tax burden. A solution was developed around the quagmire through power sharing arrangement between the Legislature, the representative of the people, and the Executive arm of Government. This led to separation of powers. In the case of Nigeria, the Executive arm of Government has responsibility for tax policy and tax administration while the Legislative arms makes the law that regulates tax administration and brings tax policies into effect. Where there is a conflict, the judiciary takes over. All of these efforts are to ensure fairness and equity in taxation. And to protect the age long clamour of ‘No taxation without representation’.

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